

Managing talent in the age of Internet of Things (IoT)

By Nina Xiao, Practice Leader, Radford Asia Pacific, Aon Hewitt

Over the last couple of decades the role of HR has evolved extensively. Technology has played a pivotal role in this. Computer-based tools and greater access to data has resulted in a shift for the HR function from focusing on specific employee decisions to aligning talent management processes.

The impact that cloud-based business execution technology has on HR can be likened to the impact that global positioning satellite (GPS) technology has on the use of street maps. It allows companies to take information off of shelves where it was rarely accessed and put it in the hands of decision makers when they need it in a format they can readily use.

If all this represented a paradigm shift in the function of HR, then the mother of them all is just waiting to happen. The 1990s were the age of the PC when about a billion people got connected. In the 2000s, came the tablets and smart phones that managed to connect about 2 billion people.

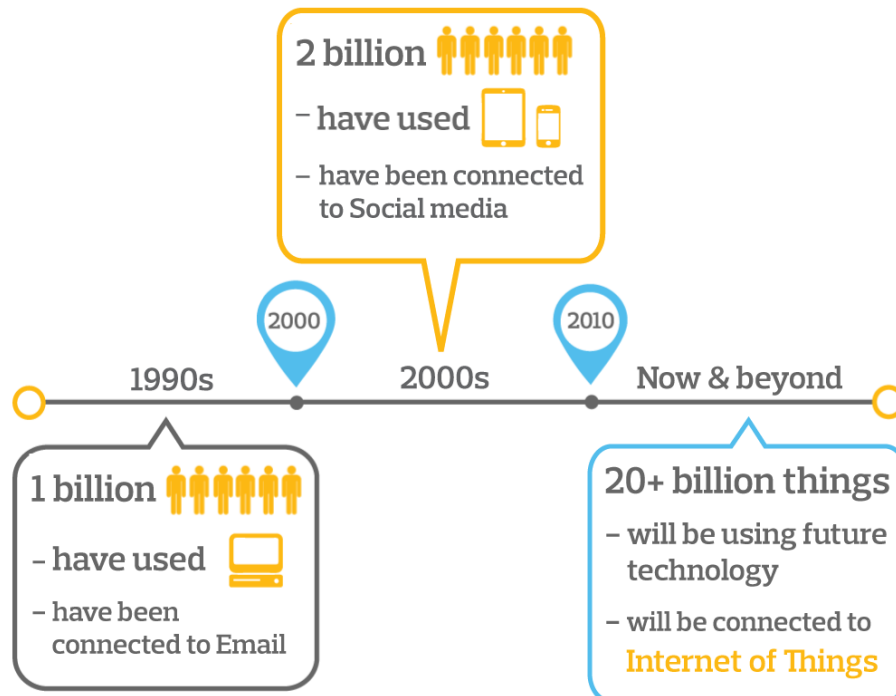
Age of IoT

The coming era will outweigh the mega-changes we've already seen from the Internet. The Internet of Things is expected to connect over 20 billion devices / things. Michael Porter, strategy guru and professor at the Harvard Business School, states that the Internet of Things (IoT) represents a 'third wave' revolution in Information Technology. Whereas the first two waves drove major productivity gains in specific sectors of economic activity, like channel optimization and supply chain integration, the Internet of Things means that products themselves are actually part of the productivity shift. Products will become 'smart' and 'code-able.' People – and machines – can give inanimate things instructions on what to do. In the IoT, 'things talk to other things.'

The IoT is already beginning to re-shape many things from customer experience, product design to business models. Every company irrespective of their line of business, products or services will be a technology company. Start-ups will grow faster and will be the strong new competition in the market. The start-up space is designed to grow fast with their innovative business models and getting valuations based on their future growth potential.

Asia and more particularly China missed the earlier eras of technology-based developments. However, in this new age of start-ups and IoT, companies from Asia have shown strong performance and immense potential. This has also created a strong bridge of cooperation between companies from the West and East.

Technology-based Developments



Workplace disruption

This rapidly changing business and work environment is expected to create quite a disruption in the job market as well. And that will come as a big challenge for the HR professionals as well. IoT promises to be a job bonanza for developers, and coders can expect plenty of work at very good pay. The catch, however, is that to get the best jobs, candidates will need the right skills and plenty of experience.

Most developers are already on the right path to acquiring that mix of skills and experience. It is also expected that hardware talent will be equally hot. According to the 2015 State of the CIO survey by CIO.com, 56 per cent of CIOs said that they expect to experience IT skills shortages in the next 12 months.

So where will the jobs in IoT development be found? There's no single place that's a hotbed of innovation. There are certainly jobs in Silicon Valley, but also in Shenzhen, Taiwan and other places with a history of electronics manufacturing. The biggest difference between IoT development and other areas of coding are the "things" themselves. These gadgets can come in almost any form, with many different combinations of hardware. Coding for this broad range of devices is what will separate the successful IoT developers.

Hardware skills are the biggest challenge for most developers because hardware adds complexity. So a developer with knowledge and experience of hardware is definitely likely to have a big advantage.

HR challenge

IoT will change existing business models and many companies will transform to technology companies. E.g. Tesla is an auto company, also a tech company, and many companies will need to build up an e-commerce channel. When this happens, every employer would be looking to fulfil hi-tech jobs, starting from software. This will be followed by a wave of new




hardware related jobs. Therefore, HR Managers in all industries will need to attract some IT talent, and the talent competition would be much fiercer than before.

Tech companies will need to work harder to attract, motivate and retain talent since they will be competing not only with other Tech companies but companies from other sectors as well. It is going to be finally about how exciting is the job content, opportunities for career advancement, learning and development, and finally rewards. It will call for innovative incentive programmes, something that can tag the organisation's DNA to the rewards programme itself.

This all boils down to changing dynamics of building the unique employer brand which can attract and retain talent. The value proposition has to make a sea change in perspective. It now needs to support strategies for the unique experience that the organisation has to offer.

Aon Hewitt's research shows that companies that deliver on their Employee Value Proposition (EVP) will make employee engagement work in their organizations. Aon Hewitt defines engagement as the psychological state and behavioural outcomes that lead to better performance.

Engaged Employees:

Engagement Outcomes	Behavioural Outcomes
 <p>Say</p>	<p>Speak positively about the organisation to co-workers, potential employees and customers</p>
 <p>Stay</p>	<p>Have an intense sense of belonging and desire to be a part of the organization</p>
 <p>Strive</p>	<p>Are motivated and exert extra effort and engage in work that contributes to business success</p>

The IoT is not just about what customers' will get to experience from their devices, but also about how HR manages to adapt to a completely new paradigm.

Needless to say, HR will have to play a critical role in enabling their organizations in achieving their business objectives in this new age.

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